This record is a partial extract of the original cable. The full text of the original cable is not available.

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C O N F I D E N T I A L LAGOS 002100

SIPDIS

E.O. 12958: DECL: 10/10/2008
TAGS: ECON EPET NI PGOV PREL
SUBJECT: NIGERIA: PRIVATE MARKETERS PLAN FUEL IMPORTS

REF: A. LAGOS 2090
¶B. ABUJA 1737

Classified By: POL/ECON FDAY for reasons 1.5 (b) and (d).

¶1. (C) Private marketers are planning to import fuel in the coming weeks for retail sales in Nigeria. Managers at both Texaco and Mobil report that making joint purchases of large cargoes to reduce unit cost is preferable to smaller deliveries. A Texaco official indicated his company would be most comfortable buying with Mobil and Total, but those details are still under consideration, and each of the six major marketers is capable and willing to import cargo on its own (ref A).

¶2. (C) A Mobil downstream manager told Econoff on October 10 that Unipetrol has two cargoes already in port. It appears Unipetrol relied on earlier promises by President Obasanjo's Petroleum Products Pricing Regulatory Authority (PPPRA) that the downstream sector would be deregulated in October (ref B). It purchased cargo and held to the delivery schedule even as the strike was impending. It is unclear at what price Unipetrol will sell this cargo, but the Mobil representative signaled his company's intentions by saying to Econoff "it is our position that the maximum pump price has been lifted."

¶3. (C) The Mobil official discounted reports that the industry agreed to keep fuel prices at 34 naira in the short term (reftels). Referring to press reports outlining the agreement, he said there apparently is "some question as to who agreed to what" late Wednesday night. He stressed that as far as his company is concerned, the downstream sector has been deregulated pursuant to PPPRA directives and President Obasanjo's comments, including Wednesday night's speech. Offering proof of this interpretation, the company manager told Econoff that prices in Port Harcourt and Calabar are above 34 naira today, and opined that it is only in the likely "demonstration zones" of Lagos and possibly Abuja that gasoline prices remain at 34 naira. (Note: many stations in Lagos are closed; apparently their owners are waiting to see how the pricing situation will be resolved.)

¶4. (C) Texaco managers were more conciliatory about the agreement in conversations with Econoff October 9, saying that the Stakeholders Committee agreed that prices would stay at 34 naira until private marketers' fuel arrived.

¶5. (C) We have been checking periodically with NGO's and the presidents of NUPENG and PENGASSAN. The tension of impeding strikes has lifted, and our contacts seem in good humor about the state of affairs, but do not all realize how quickly the Abuja agreement may be tested by the arrival in the market of commercially imported, market price fuel. PENGASSAN thought it would take at least a month for shipments to arrive, by which time the Stakeholders' Committee would have a deregulation plan all wrapped up. NUPENG thought commercial imports could be here in two weeks, a more realistic assessment, but NUPENG also believed that two weeks is enough time to sort out deregulation. None of these contacts seems aware of the two Unipetrol ships in harbor, but two cargoes (not even two days of normal supply) will not, in our opinion, cause waves. NUPENG's President Akpatason remarked to us that many petrol stations have not rolled their prices back to 34 naira as they were supposed to. He did not seem quite ready to climb back on his warhorse over it; when asked what might be done about it, he seemed to think it would be rather difficult to identify the offending owners to berate them.
HINSON-JONES